

COUNTY OF YORK

MEMORANDUM

DATE: May 5, 2005 (BOS Mtg. 05/17/05)

TO: York County Board of Supervisors

FROM: James O. McReynolds, County Administrator

SUBJECT: Advance Refunding of 1999 Sewer System Revenue Bonds

In 1999, the Board of Supervisors authorized the issuance of 30-year sewer system revenue bonds to finance the construction of several sewer projects. Interest rates on the bonds range from a low of 5.00% to a high of 5.875% over the remaining life of the issue. Interest rates have declined and bond market conditions have reached the point where it would be financially advantageous for the County to advance refund, or refinance, part of the remaining outstanding bonds to take advantage of the lower interest rates.

After factoring in the issuance costs, staff has determined that the County could save as much as \$25,000 per year, or approximately \$450,000 over the remaining life of the issue. We believe this amount of potential savings would justify the costs involved.

Staff has started working with the County's financial advisors and bond counsel to prepare the necessary documents to advance refund the 1999 bond series. Proposed Resolution R05-96 has been drafted with language that, if adopted, will approve the sale of the proposed bonds. In addition, it will give the County Administrator and the Director of Financial and Management Services the authority to work with the financial advisor and the underwriter to further analyze the market and choose an appropriate time for issuance of the bonds without further action by the Board. This approach will allow the maximum flexibility for dealing with a rapidly changing market.

I recommend adoption of Proposed Resolution R05-96 to approve the sale of revenue bonds to advance refund the 1999 Sewer Revenue Bonds as described above.

White/3737
Attachment:

- Proposed Resolution R05-96